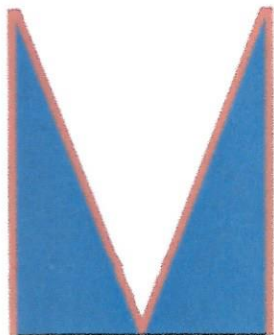


## City of Leighton

Independent Accountant's Examination Report  
on Applying Agreed-Upon Procedures  
For the Period  
August 1, 2014 Through July 31, 2015



**MARTIN P BROWN CPA**

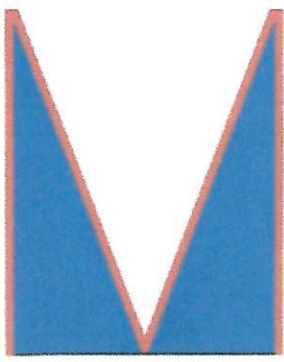
**Certified Public Accountant**

***"Managing Peoples' Business"***

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# MARTIN P BROWN CPA

**Certified Public Accountant**

***"Managing Peoples' Business For 15 Years"***  
**1405 N Elm St Suite 102 West Liberty IA 52776**

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor  
And Members of City Council:

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Leighton for the period August 1, 2014 to July 31, 2015. The City of Leighton's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2015 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.



8. I reviewed compliance with Chapters 12C.2, 12B.10 and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. I reviewed debt, including general obligation and revenue bonds and notes and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. I reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
11. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
12. I reviewed and tested selected payroll and related party transactions for propriety, proper authorization and accurate accounting.
13. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

These agreed upon procedures do not constitute an audit of the financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had I performed additional procedures, or had I performed an audit of the City of Leighton, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Leighton and other parties to whom the City of Leighton may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of the City of Leighton during the course of these agreed upon procedures. If you have any questions concerning any of the above matters, I will be pleased to discuss them with you at your convenience.

A handwritten signature in blue ink, appearing to read "Martin P. Brown", followed by the letters "CPA" in a similar script.

Martin P Brown CPA  
Certified Public Accountant  
November 12, 2015

City of Leighton  
Detailed Recommendations  
For the period August 1, 2014 through July 31, 2015

(A) Segregation of Duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the City:

- (1) Cash: handling, recording and reconciling.
- (2) Receipts: opening mail, collecting, depositing, journalizing, reconciling and posting.
- (3) Disbursements: purchasing, invoice processing, check writing, mailing, reconciling and recording. Checks do require two signatures.
- (4) Payroll: recordkeeping, preparation and distribution.
- (5) Financial Reporting: preparing and reconciling.
- (6) Journal Entries: preparing and journalizing.

Recommendation: Segregation of duties is difficult with a limited number of employees. However, the City should periodically review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. The independent review procedures set up by the City, including reviews of reports by the Mayor and City Council, should be monitored to ensure continued compliance.

(B) Electronic Check Retention: Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City does not receive an image of the back of each cancelled check for its checking account.

Recommendation: The City should obtain and retain images of both the front and back of cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

(C) Reporting of Receipts and Disbursements: A summary of receipts and disbursements from each fund are not reported in the City's minutes. Account balances are not provided to the Council monthly.

Recommendation: A summary of receipts and disbursements from each fund should be reported in the City's minutes as per Chapter 372.13(6).



City of Leighton  
Detailed Recommendations  
For the period August 1, 2014 through July 31, 2015

- (D) Bank Reconciliations: Clerk's report, investment schedule and bank reconciliations are only being completed and presented to the Council on an annual basis at the end of the fiscal year. Per agreed upon procedures engagement, the annual report was properly completed.

Recommendation: The Clerk's report and bank reconciliation should be presented to the City Council for approval each month.

- (E) Controls over the Special Account: Only limited controls are in place to ensure all donations to the Special Fund for fireworks are properly deposited. Procedures to retain copies of checks from donors and to retain a list of donors were started in the period subsequent to the review, but other than reviewing a total of donations made, this information is not reviewed or approved by the City Council.

Recommendation: To compensate for the inherent lack of segregation of duties in the City, the Council should take a more active role in reviewing and approving donations made to the Special Account.

- (F) Deposits and Investments—Depository Resolution: A resolution naming official depositories has not been adopted by the City Council as required by Chapter 12.C.2 of the Code of Iowa.

Recommendation: The City Council should, by resolution, approve amounts sufficient to cover anticipated balances at all approved depositories as required by Chapter 12.C.2 of the Code of Iowa.

- (G) Deposits and Investments—Investment Policy: The City has not adopted a written investment policy as required by Chapter 12.B.10B of the Code of Iowa. Per the agreed upon procedures engagement, no investments were noted to be out of compliance with Code provisions.

Recommendation: The City should adopt a written investment policy that complies with Chapter 12B.10B of the Code of Iowa.

- (H) Chart of Accounts: The City has not fully implemented the recommended Uniform Chart of Accounts (COA) for Iowa city governments approved by the City Finance Committee on September 25, 2002.

Recommendation: To provide better financial information and control, the recommended COA, or its equivalent, should be followed.

City of Leighton  
Other Information  
For the Period August 1, 2014 through July 31, 2015

The City of Leighton was incorporated in 1865 and in 2010 had a population of 162. It is located in Mahaska County.

Officials at report date:

Name:	Title:	Term Expires:
Luke Sneller	Mayor	12/31/2017
Bill Bruxvoort	Councilmember	12/31/2017
Keith Beintema	Councilmember	12/31/2017
Henry Van Roekel	Councilmember	12/31/2017
Kim Sytsma	Councilmember	12/31/2017
Chuck Bogaard	Councilmember	12/31/2017
Calvin Bandstra	City Clerk	Indefinite

This examination was performed by Martin P Brown, Certified Public Accountant, of the firm Martin P Brown CPA